

**From:** Jason Schmit [REDACTED]  
**Sent:** Monday, March 2, 2026 9:22 AM  
**To:** PUC-PUC <[PUC@state.sd.us](mailto:PUC@state.sd.us)>  
**Subject:** [EXT] Black Hills Power EL26-003

To the members of the South Dakota Public Utilities Commission:

I am writing to express strong opposition to the proposed electric rate increase requested by Black Hills Power. While I understand that utilities incur costs to operate and maintain service, I do not believe that ordinary citizens should be required to subsidize corporate expansions, major capital projects, or plant decommissioning costs — especially when these expenditures are not directly tied to current delivery of safe, reliable service to customers.

## **1. Ratepayers Should Not Bear Corporate Expansion Costs**

Black Hills Power’s filing seeks to recover a large portion of expanded capital investment that has occurred over more than a decade. Many of these investments — including new generation projects and additions to the rate base — represent strategic corporate decisions that benefit the company financially over time. Under strong regulatory principles used nationwide, only costs that are “used and useful” to current ratepayers should be placed in rates. The “used and useful” principle is a foundational standard in utility regulation — investments must be physically serving users and necessary for service before customers are charged. Costs associated with future expansion or assets that are not yet in service should not be shifted onto today’s consumers.

Allowing costs for corporate expansion to be recovered through customer rates effectively converts corporate investment risk into a guaranteed revenue

stream, shielding the company from risk while shifting financial burden onto households and small businesses. If a project represents a business growth opportunity for the utility, that risk and cost should be borne by the utility's shareholders, not consumers.

## **2. Decommissioning Costs Should Be Paid by the Corporation & Investors, Not Ratepayers**

The request includes recovering the costs associated with decommissioning the Ben French plant. These costs are inherent to the company's operational strategy and long-term planning, not ongoing service delivery. Historically, when utilities have shifted decommissioning or stranded asset costs to ratepayers, it creates an undue and unfair financial burden on customers who neither benefited from those assets nor have control over their retirement. The broader regulatory practice has been to critically evaluate whether such costs are prudent and, importantly, whether they should be borne by investors rather than customers.

This concern is echoed in other utility regulatory contexts where commissions have refused to pass on the full burden of plant abandonment or asset retirement costs when related to management decisions or expansions not directly benefiting ratepayers' current service. (e.g., rejection of irrecoverable costs in other states).

## **3. The Commission Should Apply Prudent Investment Standards**

Even if an investment was “used and useful,” it must still meet the prudent investment test — meaning that costs were reasonable at the time they were incurred given known information and alternatives. Regulatory bodies regularly apply prudency reviews to ensure utilities do not shift costs that reflect poor planning, inefficiency, overbuilding, or unreasonable choices onto customers. Approving broad recovery without rigorous prudency scrutiny undermines the protective role of the PUC and places an unnecessary financial strain on households already coping with high energy costs.

#### **4. Ratepayers Already Face Financial Pressure**

A ~25% increase — roughly \$25/month — represents a significant financial burden for many families and small businesses in South Dakota. Given inflation, rising housing costs, and economic uncertainty, imposing rate increases for corporate cost recovery without strict review places undue hardship on consumers who have no alternative provider.

### **RECOMMENDATIONS**

I respectfully urge the PUC to:

1. Reject or significantly reduce the rate increase as proposed, particularly any portion tied to corporate expansion or asset retirement not “used and useful” for current customers.

2. Require strict prudence reviews and transparency on any capital projects whose costs the utility seeks to recover through rates.
3. Determine that decommissioning and future plant costs should be allocated to shareholders or deferred until they clearly benefit ratepayers' service.
4. Protect the financial interests of ratepayers by limiting inclusion of non-essential or speculative costs in the rate base.

For these reasons, I oppose holding ordinary utility customers financially responsible for corporate expansion decisions and for decommissioning costs. The PUC exists to safeguard consumers, and it is critical that this process reflect that public interest.

Thank you for your consideration.

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